

The general principles regarding the implementation of Contracts for Difference (CfD), which opens the way for the Ministry of Economy and Energy to contract the necessary consulting services to define in detail how this support scheme for low-carbon electricity production will be developed were approved last week by the Romanian Government. According to the Ministry, the sectors considered as potential beneficiaries of the CfD scheme are: nuclear sector for the construction of new units, renewable energy sector including hydropower and energy storage, as well as carbon capture technologies. The Contract for Difference is defined as a market mechanism that works by stabilizing income for producers, at a fixed price level which generally represents the final price per MWh that the investor will obtain as a result of the application of CfD. This is a price of electricity that reflects the cost of investing in a particular technology and is generally set following tenders for CfD-type support or direct negotiation. Through this market mechanism, the beneficiaries of CfD will have the certainty of obtaining a certain level of revenues, which guarantees the recovery of the initial investment. The mechanism for stimulating those investments is a support scheme and will be notified to the European Commission for approval. The Ministry proposes to the Government for approval a maximum annual level of support, expected to be granted for the entire CfD mechanism: 125 million euros per year for renewable energy projects, 215 million euros per year for nuclear energy projects and for carbon capture projects, the annual budget will be determined at a later date.